

August 23, 2002

Councilman Roy Burrell
Chairman, Shreveport City Council

Dear Councilman Burrell:

Subject: IAR SR 650002-04 - Audit of the Department of Community Development, Bureau of Code Enforcement-Weed Abatement Program

Attached please find the report mentioned above. Management comments are included in the report.

Sincerely,

Leanis L. Graham, CPA, CIA
City Internal Auditor

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**EXECUTIVE SUMMARY
AUDIT OF THE
DEPARTMENT OF COMMUNITY DEVELOPMENT
BUREAU OF CODE ENFORCEMENT
WEED ABATEMENT PROGRAM
INTERNAL AUDIT REPORT (IAR) SR650002-04**

The purpose of the executive summary is to convey in capsule form the significant issues of the audit report. The executive summary is a vehicle for reviewing the report and should only be used in conjunction with the entire report.

INTRODUCTION

The City Code of Ordinances, Chapter 38, "*Housing and Property Standards*," establishes guidelines regarding housing and property standards that must be complied with by property owners. Specifically, Section 38-111, "*Sanitation Requirements*," paragraph 4(a)(4), *Grass and Weeds and Wild Growth*, deals with the maintenance of vacant lots. When owners do not address violations cited by Code Enforcement Inspectors within specified time frames, City officials correct the violations at the owner's expense. Violators who refuse to make restitution for expenses incurred by the City may ultimately be fined and/or imprisoned. During calendar year 2001, expenses associated with Weed Abatement Program activities conducted by contractors totaled approximately \$600,000. In addition, the Code Enforcement Bureau (the Bureau) employs five grass-cutting crews on a full-time basis.

OVERVIEW OF SIGNIFICANT ISSUES

Based on the results of our audit, we concluded that the current system of control was in immediate need of attention. We believe that management could enhance the control environment by addressing the following:

- Ensure that contractor files are current and complete and that the Bureau's administrative requirements are allocated and prioritized.
- Coordinate with applicable personnel for the acquisition and implementation of more modern and efficient data retrieval sources. Update computer capabilities.
- Ensure the integrity of data submitted by contractors supporting grass-cutting operations.
- Prioritize workloads to ensure an orderly flow of administrative demands.
- Take immediate action to fill a Paralegal Specialist vacancy and ensure that individuals are properly trained in their assigned duties.

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OBJECTIVE

At the request of the City Council, we have completed a review of Weed Abatement Program activities conducted by the Bureau of Code Enforcement. Our objective was to determine the efficiency and effectiveness of related activities and operations. Our review included grass cutting activities during calendar year 2002.

SCOPE AND METHODOLOGY

Our audit was performed in accordance with applicable generally accepted governmental auditing standards as defined in Operating Instruction A.55 of the Internal Audit Office Operating Instructions Manual. Our review was limited to evaluating the general controls surrounding the specific issues addressed. We reviewed pertinent documents and held discussions with operating personnel, as necessary, consistent with our objective.

BACKGROUND

The City Code of Ordinances, Chapter 38, establishes guidelines regarding housing and property standards that must be complied with by property owners. When owners do not address violations cited by Code Enforcement Inspectors within specified time frames, City officials correct the violations at the owner's expense. Violators who refuse to reimburse the City for expenses incurred may ultimately be fined and/or imprisoned. During calendar year 2001, expenses associated with Weed Abatement Program activities conducted by contractors totaled approximately \$600,000. In addition, the Bureau employs five grass-cutting crews on a full time basis.

CONCLUSIONS/FINDINGS/RECOMMENDATIONS

We wish to express our sincere appreciation to Bureau of Code Enforcement personnel for their invaluable assistance during the course of our fieldwork.

We noted that Bureau personnel worked diligently to resolve daily complaints and other citizen-related problems. Review of pertinent documents indicated that, generally, inspectors conducted their assignments consistently with available resources. However, we noted the following deficiencies that require management attention:

- a. Individual contractor files maintained by Bureau personnel were generally inadequate. Contractor compliance with specific requirements were not always on file, current, or complete.
- b. Efforts essential to ensure that only responsible individuals are contacted when legal considerations must be undertaken were hampered by a lack of adequate administrative resources and/or properly trained employees. Decision-making data sources and equipment used by Bureau personnel were often obsolete or inconsistent with operational requirements.
- c. Accounts receivable files were not always administratively complete. Documents supporting completion of specific weed abatement projects did not always contain all information.
- d. Individual case files were not always administratively complete because of unavailability of adequate manpower resources. Consequently, property owners in compliance with Code standards could be subjected to violation notifications.
- e. Available manpower resources were not utilized effectively or efficiently. The Assistant Bureau Chief was primarily involved in performing administrative chores rather than managerial duties. In addition, no contingency plans were made for coping with predictable events. An assigned paralegal specialist had resigned but no provisions were made for a replacement until the employee officially vacated the position. Consequently, essential legal research requirements were disrupted and administrative backlogs affected accordingly.

1. Inadequate Contractor Files

Criteria: Contractual agreement files should ideally contain, as a minimum, copies of Contractor Applications for Grass Cutting Certification, properly executed contracts, and adequate proof that specific insurance requirements have been met and that related coverage is current.

Condition: Files maintained at the Bureau of Code Enforcement on 29 contractors were generally inadequate. Review of their contents showed:

- Legal agreements with 17 (59 %) contractors were incomplete; they contained only the contractors' signatures. The date and all other required signatures were missing.
- There was no evidence of required insurance coverage on ten (34 %) contractors.
- Applicable insurance coverage in effect on three (10 %) contractors had elapsed.
- Evidence of application for certification was not on file for three (10%) of the contractors.

Auditor's Note: Review of files maintained in the Risk Management Office and Purchasing Division showed that proper and/or current documentation was on file at the respective offices, except for the elapsed insurance coverage deficiencies noted.

Effect:

- Business could be conducted utilizing uncertified contractors.

- Operations might be conducted without legally binding contracts.
- Elapsed or non-existent insurance coverage could result in legal repercussions.

Cause: Other priorities have precluded ensuring this information is properly maintained.

Recommendation: The Chief, Bureau of Code Enforcement, should take corrective action to ensure that contractor files contain complete and current information.

Management's Plan of Action: Each Contractor's file will be pulled and checked for any missing documents. These files will be monitored monthly for proof of insurance copies.

Timetable: One Week (Deadline: August 9)

2. Inadequate Data Resources

Criteria: Bureau employees must research various data sources to ascertain legal ownership for the upkeep of properties found in violation of the City's Weed Abatement Program. It is imperative that current ownership be identified before notifying property owners that specific violations requiring their attention have been noted. The most current conveyance information available is maintained by the Tax Assessor at the Parish Courthouse. The latter requires retrieval at the Courthouse to ensure receipt of the most accurate information.

Condition: Decision-making data sources and equipment used by Bureau personnel were often obsolete or inconsistent with operational requirements. Employees relied heavily on data contained in microfiche files that were up to 18 or more years old. The latter contain information relating to land, plats, etc. The Bureau's daily workloads require expediency in addressing an ever increasing flow of complaints and demands. Accordingly, assigned personnel rely on property ownership data that may not always be current or valid. A Paralegal Specialist position is authorized to enable the Bureau to meet its legal research requirements.

Effect:

- Reliance on data and/or equipment that are obsolete or inconsistent with operational requirements.
- Possibility of addressing violations to the wrong individuals.
- Negatively impacting the effectiveness and efficiency of daily operations.

Cause: Budgetary constraints, coupled with inadequate labor and computer resources to handle legal research responsibilities required for this activity.

Recommendation: The Chief, Code Enforcement Bureau, should take immediate action to coordinate with Data Processing personnel for the acquisition and implementation of more modern and efficient data retrieval sources. Consideration should be given to determining and coordinating the potential use of the Geographical Information System (GIS) data. The latter would enable the Bureau to properly identify and locate specific properties within the City. Current policies should also ensure that conveyance records at the Parish Courthouse are thoroughly researched promptly when questions or complaints arise concerning the accuracy of outdated property ownership records maintained by the Bureau.

Management's Plan of Action: We are aware of the problems with our data retrieval sources and have begun to train someone for the GIS data system. Administration's Paralegal and Sunbelt Title Company were used to research questions or complaints that arose concerning the accuracy of outdated property ownership records. Vacancy for Paralegal position was posted three times in order to get a qualified candidate.

Timetable: End of November, 2002

3. Incomplete Contractor Billing Files

Criteria: Contractors engaged in grass-cutting operations may complete 35 or more jobs in one day. Likewise, code enforcement inspectors must verify that each job shown on invoices has, in fact, been completed before payment is authorized. Properly completed records serve as factual evidence that all reported activities have been completed and verified.

Condition: As of April 15, 2002, inspectors had initialized a total of 3,472 Weed Abatement Program actions requiring referral to grass-cutting contractors. Review and evaluation of payment documents representing 623 (18 %) actions submitted by ten contractors showed that supporting documents were not always adequately completed. Specifically, we noted that responsible inspectors did not always indicate if or when required inspections of the premises were made after completion of the work by contractors.

Effect:

- Possibility of paying for work not performed or performed unsatisfactorily.
- Contractor invoices could contain erroneous information.
- Disputes could arise claiming non-performance of cited jobs.

Cause: Administrative oversights resulting from not complying with normal policies.

Recommendation: The Chief, Code Enforcement Bureau, should take necessary action to ensure the integrity of associated payment documents. This should include ensuring that sign-offs are completed after inspections are made. Supervisory reviews should be conducted periodically to ascertain compliance.

Management's Plan of Action: Supervisor will monitor the contractor's work orders to ensure that all inspectors have properly signed off on completed work orders. This will be emphasized at weekly staff meeting in addition to periodic audits. New inspectors will have 100% audit for first 60 days of employment.

Timetable: August 9.

4. Incomplete Individual Case Files

Background: Individual case files contain a record of all actions taken by inspectors and other responsible personnel on each violation or referral. Among other documents, files contain a log describing, in summary form, each action taken or addressed, copies of inspectors' findings and photographs, correspondence, etc. Also, automated information on reimbursements made by citizens indebted to the City for grass-cutting fees is remitted to the Bureau by the Finance Department. This data is used by Bureau personnel to manually update individual case files.

Criteria: Proper maintenance of case files becomes invaluable in supporting the City's actions when property owner disputes occur. Information on payments received in satisfaction of indebtedness due to cited violations should be posted to applicable records without delay to preclude subsequent improper notifications. To ensure the integrity of decisions made by Bureau personnel, City actions taken must be properly and promptly recorded in individual case files.

Condition: Large quantities of documents pertaining to individual violation actions awaited filing. As our audit fieldwork progressed, the volume of documents requiring filing increased. We noted that the assigned Administrative Assistant remained constantly involved in resolving an assorted number of arising duties. We learned that payments received from property owners were often not credited to their individual accounts by Code Enforcement for 30 to 60 or more days after their receipt and posting by the Finance Department.

Effect:

- Individuals may be contacted on matters already resolved.
- Demands for corrective action could be initiated based on information that is not current.
- The City's ability to defend a dispute could be impaired.

Cause: Inadequate or inefficient use of computer resources; increasing administrative demands.

Recommendation: We recommend that the Chief, Code Enforcement Bureau, coordinate with the Finance Department's Revenue and Data Processing offices the feasibility of accessing and sharing automated information pertaining to payments made by citizens indebted to the City. Additionally, the Administrative Assistant should prioritize work demands so as to ensure the expeditious completion of responsibilities requiring immediate action.

Management's Plan of Action: A meeting will be scheduled with Data Processing. A data link is needed for both departments to access the same data base to service citizens more efficiently. At the time audit was being conducted, we were setting up new files to rearrange office files for better accessibility. The new files are in place and folders are filed.

Timetable: August 12.

5. Inefficient Utilization of Manpower Resources

Criteria: To ensure operational effectiveness and efficiency, an Assistant Bureau Chief is assigned to co-manage and alleviate the chief's workloads. Organizational position descriptions further outline subordinate employees' duties and responsibilities and to whom they report. Also, current manning records provide for the assignment of an experienced Paralegal Specialist. The latter employee's responsibilities are, among others, to research and analyze law sources such as statutes, conveyance and mortgage records, judicial decisions, legal articles, codes and documents, etc. Staffing this position provides adequate assurance that contact with the general public is consistent with current laws and statutes.

Condition: Manpower resources were not being utilized efficiently or effectively. The Assistant Chief's daily workload was primarily dominated by performing administrative chores associated with resolving complaints received on the CCAR (Constituent Complaint and Response) computer system. The task had been delegated to a management assistant. Meanwhile, other managerial responsibilities may not have been receiving adequate attention. Conversely, an assigned paralegal specialist resigned effective on April 26, 2002. However, no provisions were made for a replacement until the employee officially vacated the position, considered critical to the Bureau's daily operational demands. Consequently, essential legal research and support requirements were being improvised pending the hiring of a replacement.

Effect:

- Delays in addressing existing and foreseeable workloads.
- Increased exposure to making illegal or improper decisions.
- Disruption of already maximized workloads of other employees.
- Ineffective and inefficient use of manpower resources.
- Imprudent utilization of managerial resources.

Cause: Lack of foresight in operational needs coupled with arising personnel conflicts.

Recommendation: The Chief, Code Enforcement Bureau, should take the necessary action to fill the position without delay. On future similar occurrences, and when the position is essential to the Bureau's continuity of daily operations, management should consider making arrangements for a replacement as soon as the incumbent tenders a resignation. Also, the Chief should take appropriate action to ensure that individuals are properly trained in assigned duties. Efforts undertaken should then emphasize the importance of ensuring that the Bureau Assistant Chief and Management Assistant are involved in performing specific duties for which they were hired.

Management's Plan of Action: During the interim of the Paralegal's vacancy, Administration's Paralegal and Sunbelt Title Company researched ownership of properties. The position was posted three times because there were not any qualified applicants.

Timetable:

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Approved by:

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BL:jm

c: Mayor
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